



Southeastern
Economic
Development
Corporation

Via E-Mail and Hand Delivery

Memorandum

Date: July 9, 2007

To: Council President and Members of the San Diego City Council

From: Carolyn Y. Smith, President *CYS*

Subject: ***Response to the July 9, 2007 Memorandum from Councilmember Donna Fye,
Regarding the 2007 Tax Allocation Bonds***

T 619.527.7345
F 619.262.9845
www.sedcinc.com

The following is the response to the questions submitted in a memorandum prepared by Councilmember Donna Fye dated and received on July 9, 2007.

1. ***Please provide a copy of the legal documentation/opinion citing the specific statutes that support SEDC's contention that the debt limit for each project area need not include:***
 - a. *The debt (including interest that will accrue) owed to the city of San Diego*
 - b. *The interest on the bonds*

Attached to this memorandum is a copy of the response to this question prepared by Carl Robinson, Bond Counsel and submitted to Councilmember Fye via e-mail on June 14, 2007 (Attachment No. 1).

2. ***On page 29 of the Official Statement, Table 1, the fourth column is titled Tax Increment Revenue Limit. For each project area within SEDC, please provide a list of all current debt types and amounts that would be counted against the Tax Increment Limit.***

For the purpose of disclosing the Outstanding Bonded Indebtedness, on page 29 of the Official Statement (OS), Table 1, under the third column, the amounts of outstanding bonded indebtedness have been listed by project area. Attached is a copy of the Statement of Indebtedness (Attachment No. 2) as of fiscal year ending 2006-2007 tax year. This document was prepared by the City Auditor and lists the bonded indebtedness and the subordinate indebtedness for the subject project areas.

3. ***SEDC has outstanding debt that it owes to the Redevelopment Agency. The Redevelopment Agency is required to repay that debt to the City of San Diego (both principal and interest). According to the most current information available as of June 30, 2006, in the SEDC Administered Project Areas there is current \$71,698,972 in debt owed by SEDC to the Redevelopment Agency. Please provide a copy of the loan repayment schedule for all***

SEDC Project Areas' debt owed to the City of San Diego by the Redevelopment Agency, the percent of interest and the funding sources for that debt.

As previously addressed in our June 11, 2007 memorandum responding to Councilmember Frye's May 22, 2007 memorandum, any debt incurred as a consequence of SEDC performing its redevelopment obligations on the behalf of the Redevelopment Agency is a debt of the Redevelopment Agency and not SEDC. Since this type of debt is subordinate to the bonded indebtedness, and per resolutions approving the indebtedness, the debt is payable (from the tax increment) accrued in the adopted project areas as soon as it is practical. A loan repayment schedule has not been required by the City/Agency. The City Auditor, however, has prepared schedules of outstanding debt which includes the interest rates which SEDC will forward to you under separate cover.

4. ***The debt owed to the city by the Redevelopment Agency on behalf of SEDC is accruing interest and that should be disclosed in the Official Statement for each SEDC Project Area, under the heading "Outstanding Debt."***

The debt owed to the City is described as "long-term loans" under "Outstanding Indebtedness" for each Redevelopment Project Area. Since this debt is subordinate to the bonds, and the general assumption for a "loan" is that it would be interest bearing, we do not believe it is material to modify the Official Statement to indicate that the City loans are accruing interest.

CYS:kk

Attachments: No. 1 Carl Robinson Memorandum Dated June 14, 2007
No. 2 Statement of Indebtedness – Central Imperial, Mount Hope and Southcrest)

c: Mayor Jerry Sanders w/attachments
Michael Aguirre, City Attorney w/attachments
Mark D. Blake, Deputy Attorney for Disclosure w/attachments
Jay Goldstone, Chief Financial Officer w/attachments

ROBINSON & PEARMAN LLP

ATTORNEYS AT LAW

1606 Via Corona

La Jolla, California 92037

Phone: (858) 454-0901

Fax: (858) 454-9779

crobinson@robinsonpearman.com

Los Angeles Office:

555 W Fifth Street, 31st Floor
Los Angeles, California 90013

Oceanside Office:

2170 El Camino Real, Second Floor
Oceanside, California 92054

June 14, 2007

File No.S401.016

BY EMAIL ONLY

Honorable City Council

City of San Diego

202 C Street

San Diego, CA 92101

Attn: Councilmember Donna Frye

Limitation on Bonded Indebtedness; City Loans
SEDC Financing Transaction

Ladies and Gentlemen:

I attended the meetings on June 12, 2007 of the City Council and of the Board of the Redevelopment Agency of the City of San Diego (the "Agency") as Bond Counsel for the proposed sale by the Public Facilities Financing Authority of the City of San Diego of two series of Pooled Financing Bonds (the "Bonds") for the benefit of the Agency's Southcrest, Central Imperial and Mount Hope Redevelopment Project areas (the "Project Areas"). During the meetings, Councilmember Frye requested that I provide her with the basis of my statement made during the Board meeting that the "Debt Limit" appearing in Table 1 of the draft Preliminary Official Statement ("POS") referred to a *limitation on bonded indebtedness* outstanding at any one time rather than a limitation on general indebtedness. My statement was based on my recollection of the redevelopment plans for the Project Areas and on my recollection of and understanding of redevelopment law. Redevelopment law is generally set out in the California Health and Safety Code (Sections 33000 et seq.).

Section 620.6 of the Redevelopment Plan for the Southcrest Project Area states in full: "The amount of *bonded indebtedness* to be repaid in whole or in part from taxes allocated to the Agency pursuant to Section 610.2, which can be outstanding at one time shall not exceed \$26.1 million [emphasis added]." A similar provision appears as Section 620.6 of the Mount Hope Redevelopment Plan. The Central Imperial Redevelopment Plan has a similar limitation (each setting different dollar limits). Those provisions satisfy the requirements of Section 33334.1 of the California Health and Safety Code which states [concerning redevelopment plans] as follows: "If the plan authorizes the issuance of bonds to be repaid in whole or in part from the allocation of taxes pursuant to Section 33670, the plan shall establish a limit on the amount of bonded indebtedness which can be outstanding at one time without an amendment of the plan...."

In listening to Councilmember Frye's questions to Mr. Blake during the meeting, I noticed that the caption for the "limit on bonded indebtedness outstanding at one time.." had been shortened in the POS to "Debt Limit", presumably to better fit the space available in Table 1. I suggested to Disclosure Counsel that a longer caption (or a footnote) on that table might be helpful and then made my statement in response to Councilmember Frye's questions.

I was asked whether interest payable on bonded indebtedness should be counted under the limit on bonded indebtedness outstanding at one time. Interest on bonds payable on a regular schedule (sometime referred to as current interest) is normally not considered *outstanding* unless overdue; said differently, if current interest is regularly paid on time (here April 1 and October 1) such interest is not considered *outstanding* for this purpose. The primary reason is that if the principal amount of the bonds is paid in full, no future interest will be due or payable. Note that (1) if the Agency defaults on the scheduled payment of interest on bonded indebtedness or (2) if interest is accumulated or accreted on bonded indebtedness and not paid (zero coupon bonds or capital appreciation bonds), a different answer might result, but neither of those situations (a default or a zero coupon bond) is anticipated in this case. A technical argument might be made that up to six months of interest of the Bonds could count against the cap in our case. Bond lawyers drafting a bonded indebtedness limit generally take care to draft the cap as a limit on *the principal amount* of bonded indebtedness outstanding to eliminate the possibility that some court could decide to count any interest (much less current interest) as included under the cap. In this case, the Agency has enough room remaining under the cap to accommodate an unexpected ruling (under the imperfect language of the Section 33334.1) that up to six months of interest on this bonded indebtedness might be viewed as outstanding.

There are a number of loans from the City to the Agency (the "City Loans") payable from the Project Areas on a basis subordinate to the Agency's bonded indebtedness. I was asked whether the City Loans should count against the limit on bonded indebtedness discussed above. I do not and have not viewed such related party internal debt as *bonded indebtedness* under the provisions discussed above and I am not aware of other firms or entities who take a contrary view. The City Loans are certainly indebtedness and my understanding is that they are listed on the Agency's Statement of Indebtedness and in the Agency's financial statements. Redevelopment law places a number of limitations on the incurrence of and payment of indebtedness (See Health and Safety Code Sections 33333.2 and 33333.4, for examples), and the City Loans count as indebtedness for many purposes. Both redevelopment law and redevelopment plans use "indebtedness" and "bonded indebtedness" in separate and *not interchangeable* manners. I believe that those words are intended to mean different things.

I have attached to this letter a short unsourced commentary on "City Loans" which you may find useful. I appreciate having the opportunity to be of service to the Agency and the City.

Very truly yours,

/s/ Carl Robinson

Carl C. Robinson

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
CENTRAL IMPERIAL

	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Balances Carried Forward From:			
Fiscal Period - Totals (Optional)	(1)	32,886,228	29,987,898
Post Fiscal Period - Totals (From Form B Totals)	(2)	0	0
Grand Totals	(3)	32,886,228	29,987,898
Available Revenues From Calculation of Available Revenues, Line 7	(4)	521,175	
Net Requirement	(5)	32,365,053	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 33675 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of indebtedness for the above named agency.

Lawrence Tomanek, Assistant Auditor and Comptroller

Name

Signature

STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR

Form A
Page 1 of 2

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
CENTRAL IMPERIAL

For Indebtedness Entered into as of June 30, 2006

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) CITY LOAN	06/30/05	18,066,152	N/A	6.00%	8,605,674	29,312,282	29,312,282
(B) AGREEMENT WITH CITY OF SAN DIEGO	06/30/05	172,132	N/A	N/A	0	0	0
(C) CONTRACTS - OTHER ADMINISTRATIVE	06/30/05	18,796	N/A	N/A	0	0	0
(D) OPERATING AGREEMENT WITH SEDC	06/30/05	1,031,809	N/A	N/A	0	0	0
(E) SERIES 2000 BONDS	05/01/00	3,395,000	30	4.45% - 6.60%	4,399,473	3,160,000	261,670
(F) CONTRACTS - LEGAL SERVICES	07/01/02	2,200	N/A	N/A	0	97,566	97,566
(G) CONTRACTS - PLANNING AND DESIGN	07/01/02	77,475	N/A	N/A	0	64,168	64,168
(H) CONTRACTS - PROPERTY MANAGEMENT	07/01/02	94,994	N/A	N/A	0	3,443	3,443
(I) CONTRACTS - PROJECT IMPROVEMENTS	07/01/02	398,109	N/A	N/A	0	53,395	53,395
(J) CONTRACTS -PROGRAM MANAGEMENT	07/01/03	46,915	N/A	N/A	0	0	0
Sub Total, This Page						32,690,853	29,792,523
Total Forward						195,375	195,375
From All Other Pages							
Totals,						32,886,228	29,987,898
Fiscal Year Indebtedness							

Purpose of Indebtedness:

- (A) CENTRAL IMPERIAL REDEVELOPMENT PROJECT
- (B) CITY OF SAN DIEGO ADMINISTRATIVE SERVICES
- (C) OTHER ADMINISTRATIVE SERVICES FOR PROJECT AREA
- (D) SEDC ADMINISTRATIVE SERVICES
- (E) TAX ALLOCATION BONDS ISSUED FOR PROJECT AREA

- (F) LEGAL SERVICES FOR PROJECT AREA
- (G) PLANNING AND DESIGN SERVICES FOR PROJECT AREA
- (H) PROPERTY MANAGEMENT FOR PROJECT AREA
- (I) PROJECT IMPROVEMENTS FOR PROJECT AREA
- (J) PROGRAM MANAGEMENT

Form A
Page 2 of 2

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
CENTRAL IMPERIAL

[illegible]

(A)	MITIGATION PAYMENTS OBLIGATION
(B)	LOW/MOD HOUSING SET ASIDE NET OF COUNTY ADMIN FEES
(C)	COUNTY ADMINISTRATION FEES
(D)	TAXING AGENCY PAYMENTS
(E)	STATE EDUCATIONAL REVENUE AUGMENTATION FUND PAYMENTS
(F)	

①
 ②
 ③
 ④
 ⑤
 ⑥

STATEMENT OF INDEBTEDNESS - POST FISCAL YEAR INDEBTEDNESS ONLY

FILED FOR THE 2006-2007 TAX YEAR

To be used only if the agency wishes to include indebtedness entered into after June 30

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
CENTRAL IMPERIAL

For Indebtedness Entered Into as of June 30, 2006

Debt Identification	Original Data				Current		
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A)							
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
(L)							
Totals,							
Post Fiscal Year Indebtedness							

Purpose of Indebtedness:

(A) _____ (G) _____

(B) _____ (H) _____

(C) _____ (I) _____

(D) _____ (J) _____

(E) _____ (K) _____

(F) _____ (L) _____

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 2

Name of Agency
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
Name of Project Area
CENTRAL IMPERIAL

Tax Year 2006-2007

Reconciliation Dates: July 1, 2005 To June 30, 2006

Debt Identification:		A	B		C	D		E		F
SOI, page and line:	Brief Description		Adjustments			Amounts Paid Against Indebtedness, from:		Other Funds	Remaining Balance (A+B-C-D-E)	
Prior Yr	Current Yr	All Beginning Indebtedness	Increases	Decreases	Tax Increment					
Pg 1 Line A	Pg 1 Line A									
	CITY LOAN	26,671,826	2,640,456	0	0	0		0	29,312,282	
Pg 1 Line B	Pg 1 Line B									
	AGREEMENT WITH CITY OF SAN DIEGO	0	122,267	0	0	110,997		11,290	0	
Pg 1 Line C	Pg 1 Line C									
	CONTRACTS - OTHER ADMINISTRATIVE	0	75,507	0	0	41,905		33,602	0	
Pg 1 Line D	Pg 1 Line D									
	OPERATING AGREEMENT WITH SEDC	0	1,412,587	0	0	610,290		802,297	0	
Pg 1 Line E	Pg 1 Line E									
	SERIES 2000 BONDS	3,210,000	204,985	0	0	197,327		57,658	3,160,000	
Pg 1 Line F	Pg 1 Line F									
	CONTRACTS - LEGAL SERVICES	13,363	211,770	0	0	(9,543)		137,110	97,566	
Pg 1 Line G	Pg 1 Line G									
	CONTRACTS - PLANNING AND DESIGN	156,225	40,544	0	0	70,037		62,564	64,168	
Pg 1 Line H	Pg 1 Line H									
	CONTRACTS - PROPERTY MANAGEMENT	0	32,084	0	0	24,366		4,275	3,443	
Pg 1 Line I	Pg 1 Line I									
	CONTRACTS - PROJECT IMPROVEMENTS	74,556	0	13,257	0	0		7,904	53,395	
Pg 2 Line A	Pg 1 Line J									
	CONTRACTS - PROGRAM MANAGEMENT	0	66,142	0	0	45,820		20,322	0	
TOTAL THIS PAGE		30,125,970	4,806,362	13,257		1,091,200		1,137,022	32,690,853	
TOTALS FORWARD		0	992,631	0		797,256		0	195,375	
GRAND TOTALS		30,125,970	5,798,993	13,257		1,888,456		1,137,022	32,886,228	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

Page 2 of 2

CENTRAL IMPERIAL

Reconciliation Dates: July 1, 2005 To June 30, 2006

* Excludes Low/Mod portion of County Administration Fee of \$3,517.79

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

PROJECT AREA CENTRAL IMPERIAL

TAX YEAR 2006-2007

Reconciliation Dates: July 1, 2004 To June 30, 2005

1. Beginning Balance, Available Revenues (See instructions)	<u>\$455,928</u>
2. Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	<u>1,929,488</u>
3. All other Available Revenues Received (See instructions)	<u>24,215</u>
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	<u>1,137,022</u>
5. Sum of Lines 1 through 4	<u>3,546,653</u>
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	<u>3,025,478</u>
7. Available Revenues, End of Year (5-6) FORWARD THIS AMOUNT TO STATEMENT OF INDEBTEDNESS, COVER PAGE, LINE 4	<u>\$521,175</u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues as year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, a agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

CENTRAL IMPERIAL

Page	Line		
		\$ 750,226	Additional Principal
		1,890,230	Additional Interest
1	A	<u>\$ 2,640,456</u>	Increase in City Loans
1	B	122,287	Agreement with the City of San Diego
1	C	75,507	Contracts - Other Administrative
1	D	1,412,587	SEDC Administration
1	E	204,985	Series 2000 Bonds Interest
1	F	211,770	Increase in Contracts for Legal Services
1	G	40,544	Increase in Contracts for Planning and Design
1	H	32,084	Increase in Property Management Contracts
1	I	(13,257)	Decrease in Project Improvement Contracts
1	J	66,142	Increase in Program Management Contracts
2	A	195,375	Increase in Mitigation Payment Obligation
2	B	382,380	Increase in Low/Mod Housing Set-Aside
2	C	17,589	Increase in County Administrative Fees
2	D	<u>305,554</u>	Increase in Payments to Taxing Agencies
2	E	<u>91,733</u>	Increase in ERAF Payments made to State of California
		<u>\$ 5,785,736</u>	Net increase in debt

STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR

Cover Page

Name of Redevelopment Agency REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
 Name of Project Area MOUNT HOPE

	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Balances Carried Forward From:			
Fiscal Period - Totals (Optional)	(1)	10,213,407	4,995,041
Post Fiscal Period - Totals (From Form B Totals)	(2)	0	0
Grand Totals	(3)	10,213,407	4,995,041
Available Revenues			
From Calculation of Available Revenues, Line 7	(4)	806,450	
Net Requirement	(5)	9,406,957	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
 Pursuant to Section 33675 (b) of the Health and Safety Code,
 I hereby certify that the above is a true and accurate Statement
 of indebtedness for the above named agency.

Lawrence Tomanek, Assistant Auditor and Comptroller
 Name

Signature

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Form A
Page 1 of 2

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
MOUNT HOPE

For Indebtedness Entered into as of June 30, 2006

Debt Identification	Original Data				Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt
(A) CITY LOAN	As of 06/30/05	3,918,314	N/A	6.00%	477,431	4,481,150
(B) AGREEMENT WITH CITY OF SAN DIEGO	As of 06/30/05	51,587	N/A	N/A	0	0
(C) CONTRACTS - OTHER ADMINISTRATION	06/30/05	15,660	N/A	N/A	0	0
(D) SEDC ADMINISTRATION	06/30/05	156,673	N/A	N/A	0	0
(E) SERIES 1995 BONDS	06/01/95	5,155,000	25	4-4- 8.20%	6,636,862	3,264,000
(F) SERIES 2002 BONDS	07/01/02	3,065,000	25	5.0%	3,324,997	2,444,000
(G) CONTRACTS - LEGAL SERVICES	07/01/03	10,706	N/A	N/A	0	6,620
(H) CONTRACTS - PLANNING AND DESIGN	07/01/03	31,157	N/A	N/A	0	14,109
(I) CONTRACTS - PROPERTY MANAGEMENT	06/30/05	7,585	N/A	N/A	0	0
(J) CONTRACTS - PROJECT IMPROVEMENT	06/30/05	5,000	N/A	N/A	0	3,528
Sub Total,						10,213,407
Total Forward						4,995,041
From All Other Pages:						0
Totals,						10,213,407
Fiscal Year Indebtedness						4,995,041

Purpose of Indebtedness:

- (A) MOUNT HOPE REDEVELOPMENT PROJECT AREA
- (B) CITY OF SAN DIEGO ADMINISTRATIVE SERVICES
- (C) OTHER ADMINISTRATIVE FEES FOR PROJECT AREA
- (D) SEDC ADMINISTRATION
- (E) SERIES 1995 BONDS FOR PROJECT AREA

- (F) SERIES 2002 BONDS FOR PROJECT AREA
- (G) LEGAL SERVICES FOR PROJECT AREA
- (H) PLANNING AND DESIGN SERVICES FOR PROJECT AREA
- (I) PROPERTY MANAGEMENT FOR PROJECT AREA
- (J) PROJECT IMPROVEMENTS FOR PROJECT AREA

Form A
Page 2 of 2

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
MOUNT HOPE

Form A
Page 2 of 2

c x e i n

STATEMENT OF INDEBTEDNESS - POST FISCAL YEAR INDEBTEDNESS ONLY

FILED FOR THE 2006-2007 TAX YEAR

To be used only if the agency wishes to include indebtedness entered into after June 30

Name of Redevelopment Agency

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

Name of Project Area

MOUNT HOPE

For Indebtedness Entered into as of June 30, 2006

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A)							
(B)							
(C)							
(D)							
(E)							
(F)							
(G)							
(H)							
(I)							
(J)							
(K)							
(L)							
Totals,							
Post Fiscal Year Indebtedness							

Purpose of Indebtedness:

(A) LOW/MOD HOUSING SET-ASIDE

(B) SEDC ADMINISTRATION

(C) _____

(D) _____

(E) _____

(F) _____

(G) _____

(H) _____

(I) _____

(J) _____

(K) _____

(L) _____

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 2

Name of Agency
Name of Project Area

Tax Year 2006-2007

Reconciliation Dates: July 1, 2005 To June 30, 2006

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
MOUNT HOPE

Debt Identification:		A Outstanding Debt All Beginning Indebtedness	B Adjustments		D Amounts Paid Against Indebtedness, from:	E Other Funds	F Remaining Balance (A+B-C-D-E)
SOI, page and line:	Brief Description		Increases (Attach Explanation)	Decreases (Attach Explanation)			
Pg 1 Line A	1 A CITY LOAN	4,395,745	65,405	0	0	0	4,461,150
Pg 1 Line B	1 B AGREEMENT WITH CITY OF SAN DIEGO	0	44,893	0	44,893	0	0
Pg 1 Line C	1 C CONTRACTS - OTHER ADMINISTRATION	0	62,937	0	62,937	0	0
Pg 1 Line D	1 D SEDC ADMINISTRATION	0	113,210	0	113,210	0	0
Pg 1 Line E	1 E SERIES 1995 BONDS	4,225,000	252,022	845,000	358,651	9,371	3,264,000
Pg 1 Line F	1 F SERIES 2002 BONDS	3,055,000	122,200	611,000	122,024	176	2,444,000
Pg 1 Line G	1 G CONTRACTS - LEGAL SERVICES	15,000	0	1,079	3,866	3,435	6,620
Pg 1 Line H	1 H CONTRACTS - PLANNING AND DESIGN	17,300	6,450	0	4,333	5,308	14,109
Pg 1 Line I	1 I CONTRACTS - PROPERTY MANAGEMENT	0	9,655	0	9,655	0	0
Pg 1 Line J	1 J CONTRACTS - PROJECT IMPROVEMENTS	1,691	21,058	0	9,387	9,634	3,528
TOTAL-THIS PAGE		11,709,736	717,830	1,457,079	728,956	28,124	10,213,407
TOTALS FORWARD		0	364,004	2,200	361,804	0	0
GRAND TOTALS		11,709,736	1,081,834	1,459,279	1,090,760	28,124	10,213,407

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
MOUNT HOPE

Tax Year 2006-2007

Reconciliation Dates: July 1, 2005 To June 30, 2006

[illegible]

*Excludes Low/Mod portion of County Administration Fees of \$1,703.16

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

PROJECT AREA MOUNT HOPE

TAX YEAR 20(2006-2007)

Reconciliation Dates: July 1, 2005 To June 30, 2006

1. Beginning Balance, Available Revenues (See instructions)	<u>\$579,143</u>
2. Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	<u>1,299,631</u>
3. All other Available Revenues Received (See instructions)	<u>18,436</u>
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	<u>28,124</u>
5. Sum of Lines 1 through 4	<u>1,925,334</u>
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	<u>1,118,884</u>
7. Available Revenues, End of Year (5-6) FORWARD THIS AMOUNT TO STATEMENT OF INDEBTEDNESS, COVER PAGE, LINE 4	<u>\$806,450</u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues as year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For Instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

MOUNT HOPE

<u>Page</u>	<u>Line</u>		
1	A	85,405	Increase in Interest on City Loans
1	B	\$44,893	Increase in City Services
1	C	\$62,937	Increase in Other Administrative Contracts
1	D	113,210	Increase SEDC Administration
1	E	252,022	Interest Series 1995 Bonds
1	E	(845,000)	Remove Housing Bonds to be paid from L/M
1	F	122,200	Increase Series 2002 Bonds
1	F	(611,000)	Remove Housing Bonds to be paid from L/M
1	G	(1,079)	Decrease in Contracts for Legal Services
1	H	6,450	Increase in Contracts for Planning and Design
1	I	9,655	Increase in Property Management Contracts
1	I	21,058	Increase in Project Improvement Contracts
2	A	(2,200)	Decrease in Bond Sales Expense
2	B	2,265	Increase in Program Management Contracts
2	C	258,223	Increase in Low/Mod Housing Set-Aside
2	D	8,516	Increase in County Administrative Fees
2	E	<u>95,000</u>	Increase in ERAF Payments Made to State of California
		<u>(377,445)</u>	Net Increase in debt

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2006-2007 TAX YEAR**

Cover Page

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
SOUTHCREST

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Fiscal Period - Totals	(1)	22,143,387	19,183,993
(Optional)			
Post Fiscal Period - Totals	(2)	0	0
Grand Totals	(3)	22,143,387	19,183,993
Available Revenues			
From Calculation of Available Revenues, Line 7	(4)	1,304,379	
Net Requirement	(5)	20,839,009	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
Pursuant to Section 33675 (b) of the Health and Safety Code,
I hereby certify that the above is a true and accurate Statement
of Indebtedness for the above named agency.

Lawrence Tomanek, Assistant Auditor and Comptroller
Name

Signature

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2006-2007 TAX YEAR**

Form A
Page 1 of 2

Name of Redevelopment Agency
Name of Project Area

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
SOUTHCREST

For Indebtedness Entered into as of June 30, 2006

Debt Identification	Original Data				Current		
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) CITY LOAN	As Of 6/30/05 As Of 6/30/05	9,911,142	N/A	6.00%	8,418,455	18,807,764	18,807,764
(B) AGREEMENT WITH CITY OF SAN DIEGO		113,995	N/A	N/A	0	0	0
(C) CONTRACTS - OTHER ADMINISTRATIVE	07/01/03	449,549	N/A	N/A	0	0	0
(D) SEDC ADMINISTRATION	07/01/03	449,549	N/A	N/A	0	0	0
(E) SERIES 1995 BONDS	06/01/95	3,750,000	25	4.75- 6.592%	2,747,330	1,964,000	217,218
(F) SERIES 2000 BONDS	05/01/00	1,860,000	25	4.45- 6.5%	1,913,332	1,336,000	123,388
(G) CONTRACTS - LEGAL SERVICES	07/01/02	625	N/A	N/A	0	8,000	8,000
(H) CONTRACTS - PLANNING AND DESIGN	07/01/02	89,986	N/A	N/A	0	27,323	27,323
(I) CONTRACTS - PROPERTY MANAGEMENT	07/01/03	6,594	N/A	N/A	0	300	300
(J) CONTRACTS - PROJECT IMPROVEMENTS	07/01/02	1,172,645	N/A	N/A	0	0	0
Subtotal, This Page						22,143,387	19,183,993
Total Forward From All Other Pages						0	0
Totals, Fiscal Year Indebtedness						22,143,387	19,183,993

Purpose of Indebtedness:

- (A) SOUTHCREST REDEVELOPMENT PROJECT
- (B) CITY OF SAN DIEGO ADMINISTRATIVE SERVICES
- (C) OTHER ADMINISTRATIVE SERVICES
- (D) SEDC ADMINISTRATION
- (E) BONDS ISSUED FOR PROJECT AREA

- (F) BONDS ISSUED FOR PROJECT AREA
- (G) LEGAL SERVICES FOR PROJECT AREA
- (H) PLANNING AND DESIGN SERVICES FOR PROJECT AREA
- (I) PROPERTY MANAGEMENT FOR PROJECT AREA
- (J) PROJECT IMPROVEMENTS FOR PROJECT AREA

Form A
Page 2 of 2

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
SOUTHCREST

Form A
Page 2 of 2

①
 ②
 ③
 ④
 ⑤
 ⑥
 ⑦
 ⑧
 ⑨
 ⑩
 ⑪
 ⑫
 ⑬
 ⑭
 ⑮
 ⑯
 ⑰
 ⑱
 ⑲
 ⑳
 ㉑
 ㉒
 ㉓
 ㉔
 ㉕
 ㉖
 ㉗
 ㉘
 ㉙
 ㉚
 ㉛
 ㉜
 ㉝
 ㉞
 ㉟
 ㊱
 ㊲
 ㊳
 ㊴
 ㊵
 ㊶
 ㊷
 ㊸
 ㊹
 ㊺
 ㊻
 ㊼
 ㊽
 ㊾
 ㊿

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Page 1 of 2

Name of Agency
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
Name of Project Area
SOUTHCREST

Tax Year 2006-2007

Reconciliation Dates: July 1, 2005 To June 30, 2006

		Debt Identification:		A		B		C		D		E		F	
SOI, page and line:		Brief Description		Outstanding Debt All Beginning Indebtedness		Adjustments Increases (Attach Explanation) Decreases (Attach Explanation)				Amounts Paid Against Indebtedness, from:				Remaining Balance (A+B-C-D-E)	
Prior Yr	Current Yr									Tax Increment		Other Funds			
Pg 1 Line A	Pg 1 Line A	CITY LOAN		18,329,597		998,167		0		0		520,000		18,807,764	
Pg 1 Line B	Pg 1 Line B	AGREEMENT WITH CITY OF SAN DIEGO		0		54,630		0		54,630		0		0	
Pg 1 Line C	Pg 1 Line C	CONTRACTS - OTHER ADMINISTRATIVE		0		75,924		0		73,174		2,750		0	
Pg 1 Line D	Pg 1 Line D	SEDC ADMINISTRATION		0		56,301		0		56,301		0		0	
Pg 1 Line E	Pg 1 Line E	SERIES 1995 BONDS		2,560,000		130,632		512,000		214,632		0		1,964,000	
Pg 1 Line F	Pg 1 Line F	SERIES 2000 BONDS		1,715,000		85,650		343,000		117,784		3,866		1,336,000	
Pg 1 Line G	Pg 1 Line G	CONTRACTS - LEGAL SERVICES		7,000		8,000		0		0		7,000		8,000	
Pg 1 Line H	Pg 1 Line H	CONTRACTS - PLANNING AND DESIGN		28,948		12,038		0		4,649		9,014		27,323	
Pg 1 Line I	Pg 1 Line I	CONTRACTS - PROPERTY MANAGEMENT		0		14,099		0		13,799		0		300	
Pg 1 Line J	Pg 1 Line J	CONTRACTS - PROJECT IMPROVEMENTS		30,103		82,757		0		0		112,860		0	
TOTAL THIS PAGE				22,670,648		1,518,197		855,000		534,968		655,490		22,143,387	
TOTALS FORWARD				0		440,727		0		440,727		0		(0)	
GRAND TOTALS				22,670,648		1,958,924		855,000		975,695		655,490		22,143,387	

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

පසුගත ෭-0෯

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
SOUTHCREST

Reconciliation Dates: July 1, 2005 To June 30, 2006

* Excludes Low/Mod portion of County Administration Fee of \$2,195.58

CALCULATION OF AVAILABLE REVENUES

AGENCY NAME REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

PROJECT AREA SOUTHCREST

TAX YEAR 2006-2007

Reconciliation Dates: July 1, 2005 To June 30, 2006

1. Beginning Balance, Available Revenues (See instructions)	<u>\$586,291</u>
2. Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	<u>1,672,110</u>
3. All other Available Revenues Received (See instructions)	<u>21,673</u>
4. Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	<u>655,490</u>
5. Sum of Lines 1 through 4	<u>2,935,564</u>
6. Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	<u>1,631,185</u>
7. Available Revenues, End of Year (5-6) FORWARD THIS AMOUNT TO STATEMENT OF INDEBTEDNESS, COVER PAGE, LINE 4	<u>\$1,304,379</u>

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues as year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

SOUTHCREST PROJECT

<u>Page</u>	<u>Line</u>		
1	A	998,167	Additional Interest
1	B	54,630	Increase in City Services
1	C	75,924	Increase in Othe Administrative Services
1	D	56,301	Increase in SEDC Administration
1	E	130,632	Interest on 1995 Series Bonds
1	E	(512,000)	Remove the HTF Bonds Paid from L/M
1	F	85,650	Interest on 2000 Series Bonds
1	F	(343,000)	Remove the HTF Bonds Paid from L/M
1	G	8,000	Increase in Legal Contracts
1	H	12,038	Decrease in Planning and Design Contracts
1	I	14,099	Increase in Property Management Contracts
1	J	82,757	Decrease in Project Improvement Contracts
2	A	2,523	Increase in Program Management Contracts
2	B	332,226	Increase in Low/Mod Set-Aside
2	C	10,978	Increase in County Administration Fees
2	D	95,000	ERAF Payments made to State of California
		<u>\$1,103,924</u>	Net increase in debt

See UT article below....

Union-Tribune Publishing Co. Jul 8, 2007

If you are a renter in San Diego, take note.

There's a new agency whose purpose is to deal with complaints of housing discrimination and to help you resolve any conflict you may have with your landlord. And the help is free.

The group is the Center for Social Advocacy, a nonprofit social agency that also fights housing discrimination in cities like Carlsbad, El Cajon, Escondido, La Mesa and Lemon Grove.

The group won an annual \$88,000 city contract recently, which came as a surprise to many, since another organization had held the contract since 1989.

"Housing discrimination is still a big problem all over the county because it's very subtle and there are many ways to discriminate," said Russell Dehnel, the group's executive director.

According to the organization, founded in 1968 under the name Heartland Human Relations, some of the most frequent complaints about discrimination involve:

- * Refusing to rent to minorities.
- * Refusing to rent to people with children.
- * Refusing to rent to people with assistance dogs.
- * Not maintaining the property because the tenants are undocumented immigrants.

Dehnel said his group documents complaints and forwards them to the appropriate government agencies. It also mediates conflicts between landlords and tenants and recommends people to attorneys.

With the money from the contract, the group plans to hire a full-time and a part-time worker and to organize presentations to inform tenants of their rights.

"There are many people who are undocumented and who are at risk from discrimination, and also many people who are legal residents or citizens who are also victims," he said. "We're here to help."

The Center for Social Advocacy is one of the oldest social agencies in the county. Besides fighting housing discrimination, its goals are to fight poverty, human trafficking and human rights violations.

In recent months, the group has assumed a more prominent role in favor of immigrants, joining a consortium of local organizations that support comprehensive immigration reform.

Not everyone is happy the contract changed hands.

"We're still in shock," said Mary Scott Knoll, executive director of the Fair Housing Council of San Diego, the group that lost the contract. "We are the most qualified agency in terms of housing matters in the entire region," she said, "I intend to appeal the decision before the Housing Commission," the municipal agency in charge of housing matters.

A commission representative said this year had been the first time since 1989 that another agency competed for the contract, which is given for a maximum of three years and then open for bidding.

The government agency evaluated the groups according to four criteria: experience, transparency in their budget, activity programs and collaboration with other cities in the county.

"The Center for Social Advocacy received more points in the four criteria and that's why it got the contract," said Erika Rooks, the commission's communications manager.

Rooks added that her agency had received the appeal by the Fair Housing Council of San Diego and would have a decision in the next few days.

WHERE TO GO FOR HELP

The Center for Social Advocacy receives complaints of discrimination and passes them on to the appropriate government agencies at no charge. It also offers mediation to tenants facing problems with their landlords. The complaints are made by phone at (619) 444-5700. Operators speak Spanish. The center's address is 1068 Broadway, El Cajon.

Online: www.c4sa.org.

Credit: STAFF WRITER

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.

Abstract

(Document Summary)

"Housing discrimination is still a big problem all over the county because it's very subtle and there are many ways to discriminate," said Russell Dehnel, the group's executive director.

"There are many people who are undocumented and who are at risk from discrimination, and also many people who are legal residents or citizens who are also victims," he said. "We're here to help."

"We're still in shock," said Mary Scott Knoll, executive director of the Fair Housing Council of San Diego, the group that lost the contract. "We are the most qualified agency in terms of housing matters in the entire region," she said, "I intend to appeal the decision before the Housing Commission," the municipal agency in charge of housing matters.

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.